

[REDACTED]

[REDACTED]

[REDACTED]

17 MAR 1982

Ladies & Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

The evidence submitted indicates that you were incorporated [REDACTED] under the non-profit laws of the State of [REDACTED].

Your purposes and objects per your Articles of Incorporation are:

"To engage in all activities necessary, useful, or expedient to encourage and promote the business of the members of the corporation through cooperative social and all other lawful activities.

Your activities and purposes as stated in your bylaws are:

- (a) Institute and maintain a method of collecting, recording and exchanging business information for and between your members;**
- (b) Encourage local and foreign trade expansion for the benefit of your members;**
- (c) Provide for display, sale, or publicity of the bonds, property, or services handled or represented by your members;**
- (d) Create and encourage cooperative business methods so as to better or increase the efficiency and service of the business by your members;**
- (e) Develop and carry on such activities as shall be found best to promote the welfare of your members and effect the purposes for which the organization is formed;**

- (f) Encourage business and professional development within the community as a whole.

Your other activities as described in your application and weekly meeting memos include weekly breakfast meetings and semi-annual promotional activities of member business. Also, you print a permanent binder of business descriptions and services of your member's business for distribution and used for referral of services.

Your membership requirements as stated in your bylaws are:

"Sole proprietorships, individuals, partnership, corporations and associations of good character and outstanding business and professional reputation shall be eligible for membership. Each shall represent a different business, trade, occupation, or profession and shall be classified accordingly..."

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(6) Business leagues, chambers of commerce, real estate boards, boards of trade, ***, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of the regulations provides as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. *** "

Revenue Ruling 56-65, 1956-1 C.B. 199, briefly states that an organization which furnished particular information and specialized individual services to its members through publications and other means to effect economies in the operation of their individual businesses was denied exemption because this activity constituted the performance of particular services for individual persons.

[REDACTED]

From the information submitted it appears that you are not organized as a business league since your activities are not directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individuals persons.

Membership is open to all types of businesses and individuals. Your application indicates you will provide particular services to members by advertising their names, business and services in a directory. In your Bylaws you state you will provide for the display, sale or publicity of the bonds, property, or services handled or represented by your members.

Your organization is organized and operated to perform particular services for members by promoting their businesses. We conclude that you are not exempt from Federal income tax under section 501(c)(6). Therefore, you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
District Director

Enclosures:
Publication 892
Form 6018